

AFFORDABLE HOUSING OBJECTIVES

OBJECTIVE #1:

Preserve affordable rental housing, and enhance access for very low, low and moderate-income renters.

Number of Households to be Served:

In FY2004, the City of Cambridge will seek to preserve expiring use units in 3 buildings that are approaching the end of their affordability restriction terms. The properties include the Fogerty Building with 17 units, the Mount Auburn Apartments with 94 units, and the Church Corner Development with 23 units. Over 200 tenants will avoid being displaced, while 134 affordable units will be saved from being converted to the private market. In addition, approximately 10 units will be preserved through investor owned units set aside as affordable under the CNAHS multifamily rehab program; and 55 units through the multifamily owner-occupied Home Improvement Program (HIP). The City anticipates preserving a total of 199 units through these three programs. Although the CDBG and HOME programs allow assistance to households with annual incomes of up to 80% of area median income, a substantial proportion of rental units assisted will be rented to tenants with incomes at or below 60% of area median income. In FY2003, Homeowner's Rehab Inc., acquired CAST, an expiring use building and preserved 42 family-sized units. Rehabilitation work will be on going during FY2004. (Note: These goals are based on the Community Development Department's FY2004 production benchmarks).

Through the development of the **Neighborhood Revitalization Strategy** (NRS) the housing non-profits anticipate stabilizing income eligible households within the NRS area by assisting **16** rental units with household incomes of up to 120% of median area income and **18** units with household incomes of up to 80% of area median income.

Expected Resources:

Federal Funds

AmeriCorps – Mass Service Alliance
Community Development Block Grant Program
HOME Program
Lead Safe Cambridge
Section 108 Loan Guarantee Program
Section 8 Certificates and Vouchers
YouthBuild USA & HUD

State Funds

Community Preservation Act: State & Locally Raised Funds
Department of Housing and Community Development: Housing Stabilization Funds
Department of Housing and Community Development: State HOME
Low Income Housing Tax Credits
Urban Development Action Grant (UDAG)

Local Funds

Cambridge Affordable Housing Trust
CNAHS Multifamily Rehabilitation Program
Home Improvement Program (HIP)
Harvard University 20/20 Loan Program
Neighborhood Reinvestment Corporation
Private Lenders

| Program & Services | Outputs | Outcomes |
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| Preserve affordable rental housing and improve access for very low and low-mod income households through the Expiring Use Program , the Home Improvement Program (HIP) and the CNAHS Multi-Family Rehab. Program . | Provide financial support through low interest rehab loans and technical assistance for the acquisition and rehabilitation of existing buildings and work with tenants and other concerned parties to address long-term concerns of housing at risk of losing affordability. | 1. Increase Financial Stability: stable and predictable rent 2. Better Home: more room, higher quality 3. Increase in Neighborhood Pride: increase in sense of community along with commitment to the community. |

Strategies/Resources:

Cambridge Affordable Housing Trust: The City established the Cambridge Affordable Housing Trust in 1988 to promote, preserve, and create affordable housing. Since 1995, Cambridge has made significant contributions to increasing affordable housing through its CITYHOME Initiative which to date has received over \$33.95 million in City funds. The Trust lends these funds to local nonprofit housing development organizations to develop affordable housing. The Trust also funds comprehensive first-time homebuyer programs operated by the City. An additional \$7.2 million will be requested for FY2004. CITYHOME is comprised of several components, including nonprofit acquisition of multifamily buildings and incentives for private owners.

Community Development Block Grant Program: The City of Cambridge is an entitlement City that annually receives a direct allocation of CDBG funds that can be used to fund a variety of activities, which includes economic development, design and construction oversight of parks, playground renovations, housing services, and housing development. The majority of the City's CDBG funds are used for housing development activities and services. Housing development activities include acquisition, rehabilitation, and new construction of affordable housing by non-profit housing development agencies in Cambridge. CDBG funds are also used to fund a variety of housing services and activities, including case management, tenant and landlord mediation services,

homelessness prevention and other services for the homeless. Cambridge expects to receive \$3,878,000 in CDBG funds for FY2004.

Community Preservation Act ~ State & Locally Raised Funds: The Community Preservation Act is a new tool for communities to preserve open space, historic sites, and affordable housing. Signed into legislation by Governor Cellucci on September 14, 2000, the Community Preservation Act (CPA) is a local option that enables communities to establish a municipal Community Preservation Fund by local referendum. Monies collected for this fund are raised from a surcharge of up to 3% on local property taxes. Cambridge adopted the Act at the 3% surcharge level in fall 2001 and has since been awarded matching funds through the states competitive process. The City's Affordable Housing Trust anticipates CPA funds will increase its annual budget to approximately \$7.2 million. This will enable the City to maintain its production and ability to raise funds from other sources including federal, additional state, local, and private sources. The City's Affordable Housing Trust will utilize its CPA funds to create and preserve affordable housing.

CNAHS Multi-Family Rehab Program: The Cambridge Neighborhood Apartment Housing Services (CNAHS), a subsidiary of Homeowner's Rehab Inc., administers a Multi-Family Rehab Program which provides technical assistance, and financial support to owners of investment property. Funded through the Cambridge Affordable Housing Trust, Block Grant and private sources, this program supports moderate levels of rehabilitation for owners of investment properties with four or more units. In exchange for financial assistance given for rehabilitation, units assisted are set-a-side as affordable to house low and moderate income households. Loans are made from a reduced interest rate loan pool that has been capitalized by a consortium of local banks.

Expiring Use Program ~ Low-Income Housing Preservation: The Community Development Department (CDD) provides technical assistance to owners and non-profit organizations; and works with tenants and other concerned parties to address the long-term concerns of housing developments at risk of losing their affordability. The City also provides funds to a local non-profit, the Cambridge Economic Opportunity Committee (CEOC), to hire a Tenant Organizer who works directly with those living in buildings whose affordability restrictions are coming to term. In FY2004, the City will continue to work to preserve three expiring use properties. They include the Fogerty Building with 17 units, the Mount Auburn Apartments with 94 units, and the Church Corner Development with 23 units. In addition, it will continue to identify other at risk buildings and work with tenants and owners to preserve long-term affordability.

Harvard University 20/20/2000 Initiative: In the fall of 1999, Harvard University announced the 20/20/2000 program. Through this initiative, Harvard provided \$10 million to the City for affordable housing development. Of these funds, \$6 million have been disbursed to the Affordable Housing Trust and \$4 million will be channeled through two non-profit groups to fund affordable housing projects in Cambridge. Currently, the Trust is using the funds to provide low-interest loans for construction and permanent financing for the development of affordable housing units. In FY2004, Just A Start Corporation, a local non-

profit will receive \$550,000 from this fund to develop 13 affordable units on Scouting Way in Cambridge. The Cambridge Housing Authority will also develop 21 units on Prospect Street in Cambridge with \$450,000 from the 20/20/2000 program.

HOME Investment Partnership Program: The City of Cambridge is a participating jurisdiction that receives HOME entitlement funds that assist in carrying out the City's housing strategies. These housing strategies include providing loans to support the acquisition, new construction, and rehabilitation of eligible affordable rental and homeownership housing units. Since 1993, over 609 HOME-assisted affordable rental and homeownership units have been created through funding from the City's entitlement HOME funds. These funds have also leveraged other public and private funds to help make new projects feasible. Cambridge expects to receive \$1,180,327 in HOME funds for FY2004.

Home Improvement Program (HIP): Cambridge's Home Improvement Program (HIP) gives technical assistance and reduced rate loans to low-income owners of one-to-four family buildings. Funded primarily through CDBG and revolving loans, the program is operated by two agencies, Just-A-Start Corporation, and Homeowner's Rehab Inc., under contract with the Community Development Department.

Incentive Zoning: The Incentive Zoning Ordinance requires that non-residential developers that require a Special Permit which authorizes an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust of \$3.28 per square foot. The City is currently seeking City Counsel's approval to increase the rate to \$7.83 per square foot after completing a recent study that re-evaluated the Incentive Zoning program. In FY 2003, Cambridge received \$800,000 in linkage payments. The Community Development Department anticipates that the City will receive housing contribution payments exceeding \$2,500,000 over the next 5-7 years. Production in the Incentive Zoning program is subject to private developer activity throughout the City.

Inclusionary Zoning: In March 1998, the Cambridge City Council passed an Inclusionary Zoning Ordinance that requires the developer of any new or converted residential development with ten or more units to provide 15% of the total number of units to the City as affordable units. The Community Development Department monitors compliance with this ordinance. Housing staff works with private developers to design and implement the marketing, and sale or leasing of units to low-income Cambridge residents. The City has secured 129 affordable units to date. Production in the Inclusionary Zoning program is subject to private developer activity throughout the City. In FY2004, 18 homeownership units for 1 to 6 person households will be marketed through this program.

Lead-Safe Cambridge: In 1994, Cambridge first received a grant through HUD's Office of Lead Hazard Control. This program is a comprehensive deleading assistance program aimed at landlords who rent to low-income families with children under the age of six. The educational component of the program is designed to further decrease the likelihood

of childhood lead poisoning. These funds resulted in the deleading of 221 affordable housing units. The City received additional grants in 1997 and 1999 to continue its lead hazard control activities. The 1997 funds resulted in the deleading of 108 affordable units. The 1999 funds will create another 135 affordable lead-safe housing units.

Low Income Housing Tax Credits: The Low Income Housing Tax Credit Program (LIHTC) targets construction, acquisition, and/or substantial rehabilitation of low-income rental housing, as well as special needs housing and low-income housing preservation. This federal program, which is operated by the Massachusetts Department of Housing and Community Development (DHCD), was created by the federal Tax Reform Act of 1986, and awards federal tax credits to investors in low-income housing. The City supports non-profit application as appropriate.

Nonprofit Acquisition & Development of Housing: Cambridge will continue to provide major financial support and technical assistance for the acquisition of existing buildings and the development of new units by nonprofit or public housing organizations. These organizations will operate the buildings on a nonprofit basis, invest over time in capital improvements, and guarantee access, upon turnover, for extremely low and low-income households through the use of long-term deed restrictions. CASCAP also operates the Affordable Small Apartment Program (ASAP) which develops and constructs studio and one-bedroom apartments for single person households.

Private: Local private lenders and foundations have also provided funds to support the preservation and creation of affordable housing in Cambridge.

Section 108 Loan Grantee Program Funds: Section 108 loan guarantees are used for activities that meet national CDBG objectives which include (1) benefit to low- and moderate-income families; (2) prevent or eliminate slums or blight; or (3) to meet other urgent community development needs. Eligible activities through this program include property acquisition; rehabilitation of publicly owned property; housing rehabilitation; economic development activities; acquisition, construction, reconstruction, etc. These funds preserve and create affordable housing for special populations.

Section 8 Project-Based Certificates: Section 8 Project-Based Certificates are intended to provide subsidy tied to a specific apartment that needs rehabilitation. In exchange for the long-term commitment of rental subsidy, the owner agrees to lease these units to extremely low and low-income households. The City's nonprofit housing development organizations and the Cambridge Housing Authority work closely to create Project-Based Section 8 units that are affordable to extremely low and low-income households.

State Affordable Housing Trust: The Massachusetts Affordable Housing Trust Fund (AHTF) is designed to provide resources to create or preserve affordable housing throughout the state for households whose incomes are not more than 110% of the area median income, as determined by the U.S. Department of Housing and Urban Development (HUD). Up until recently the AHTF was funded at \$20,000,000 per year for Five-Years (State Fiscal Years 2001 – 2005) from the state's General Fund and was

not subject to on-going appropriations. Massachusetts newly elected Governor, has initiated program changes which eliminate the entire \$20 million in trust funds that would have been provided in FY04. However, the Governor has filed a bond bill to provide \$20 million in new authorization that would go to the trust fund, and increase DHCD's bond volume cap so that other bond funded housing programs are not negatively impacted. The City will support applications for state Trust funds from qualified nonprofits in FY 2004, and support CHAPA in its request to the Legislature to restore funds that were eliminated from the AHTF in FY2003 and 2004.

State Programs: The Housing Innovations Fund (HIF), Consolidated Improvement Preservation Fund (CIPF), Facilities Consolidation Fund (FCF), and Housing Stabilization Fund Program (HSF), funded through the State Department of Housing and Community Development (DHCD), support acquisition and rehabilitation of affordable rental properties. The HSF program has been used successfully to support a neighborhood restoration and affordable housing rehab program in Cambridge's "East Side" and "North Side" neighborhoods. State HOME funds have also been used for the acquisition and rehabilitation of rental properties through the City's nonprofit housing providers.

OBJECTIVE #2:

Create new affordable rental units that are targeted for very low, low and moderate-income families and individuals.

Number of Households to be Served:

In FY 2004, the City of Cambridge will work to create 60 new affordable rental units through nonprofit acquisition and construction; and expect to secure an additional 80 through privately owned units set-aside under the Inclusionary Zoning program, totaling 140 new rental units for FY2004. Although CDBG and HOME programs allow assistance to households with annual incomes up to 80% of area median income, a substantial proportion of rental units assisted will be rented to tenants with incomes at or below 60% of area median. A substantial amount of other public and private funds will be leveraged to develop the units. (Note: These goals are based on the Community Development Department's FY2004 production benchmarks).

Expected Resources:

Federal Funds

Community Development Block Grant Program
HOME Entitlement Grant
Low Income Housing Tax Credits
Section 108 Loan Guarantee
Section 8 Certificates and Vouchers

State Funds

Community Preservation Act: State & Locally Raised Funds
Neighborhood Apartment Housing Services
Department of Housing and Community Development: Housing Stabilization Fund
State HOME Funds
State Affordable Housing Trust
Urban Development Action Grant (UDAG)

Local Funds

Cambridge Affordable Housing Trust
Cambridge Housing Authority Condo Acquisition Program
Cambridge Lead Safe Program
Harvard University Loan 20/20 Program
Incentive Zoning
Inclusionary Zoning
Infill Programs & Adaptive Reuse
Non-profit Acquisition & Development of Multi-family Properties
Private Lenders

| Program & Services | Outputs | Outcomes |
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| Create new affordable rental units targeted for very low and low-mod income households through the Inclusionary Zoning Program and the Nonprofits Rental Housing Development Program | Provide financial support and technical assistance for acquisition and development of new units through low-interest loans to non-profits. Private developers produce affordable units via zoning. | 1. Increase Financial Stability: stable and predictable rent 2. Better Home: more room, higher quality; better location; better look to neighborhood; 3. Increase in Neighborhood Pride: increased sense of community; improved relations among different racial and ethnic groups, community activities of new households an asset to the wider community. |

Strategies/Resources:

Cambridge Affordable Housing Trust: The City established the Cambridge Affordable Housing Trust in 1988 to promote, preserve, and create affordable housing. Since 1995, Cambridge has made significant contributions to increasing affordable housing through its CITYHOME Initiative which to date has received over \$33.95 million in City funds. The Trust lends these funds to local nonprofit housing development organizations to develop affordable housing. The Trust also funds comprehensive first-time homebuyer programs operated by the City. An additional \$7.2 million was been requested for FY2004. CITYHOME is comprised of several components, including nonprofit acquisition of multifamily buildings and incentives for private owners.

Community Development Block Grant Program: The City of Cambridge is an entitlement City that annually receives a direct allocation of CDBG funds that can be used to fund a variety of activities which includes economic development, design and construction oversight of parks, playground renovations, housing services, and housing development. The majority of the City's CDBG funds are used for housing development activities and services. Housing development activities include acquisition, rehabilitation, and new construction of affordable housing by non-profit housing development agencies in Cambridge. CDBG funds are also used to fund a variety of housing services and activities, including case management, tenant and landlord mediation services, homelessness prevention and other services for the homeless. Cambridge expects to receive \$3,878,000 in CDBG funds for FY2004.

Community Preservation Act: State & Locally Raised Funds: The Community Preservation Act is a new tool for communities to preserve open space, historic sites, and affordable housing. Signed into legislation by Governor Cellucci on September 14, 2000, the Community Preservation Act (CPA) is a local option that enables communities to establish a municipal Community Preservation Fund by local referendum. Monies collected for this fund are raised from a surcharge of up to 3% on local property taxes. Cambridge adopted the Act at the 3% surcharge level in fall 2001 and has since been awarded matching funds through the states competitive process. The City's Affordable Housing Trust anticipates CPA funds will increase its budget to approximately \$7.2 million. This will enable the City to maintain its production and ability to raise funds from other sources including federal, additional state, local, and private sources. The City's Affordable Housing Trust will utilize its CPA funds to create and preserve affordable housing.

Condo Acquisition Program: The Cambridge Housing Authority (CHA) operates a condo acquisition program. Under this program, condominiums are purchased by the CHA and used as scattered-site affordable rental units for low-income tenants.

Harvard University 20/20/2000 Initiative: In the fall of 1999, Harvard University announced the 20/20/2000 program. Through this initiative, Harvard provided \$10 million to the City for affordable housing development. Of these funds, \$6 million have been disbursed to the Affordable Housing Trust and \$4 million will be channeled through two non-profit groups to fund affordable housing projects in Cambridge. Currently, the Trust is using the funds to provide low-interest loans for construction and permanent financing for the development of affordable housing units. In FY2004, Just A Start Corporation, a local non-profit will receive \$550,000 from this fund to develop 13 affordable units on Scouting Way in Cambridge. The Cambridge Housing Authority will also develop 21 units on Prospect Street in Cambridge with \$450,000 from the 20/20/2000 program.

HOME Investment Partnership Program: The City of Cambridge is a participating jurisdiction that receives HOME entitlement funds that assist in carrying out the City's housing strategies. These housing strategies include providing loans to support the acquisition, new construction, and rehabilitation of eligible affordable rental and homeownership housing units. Since 1993, over 609 HOME-assisted affordable rental and homeownership units have been created through funding from the City's entitlement HOME funds. These funds have also leveraged other public and private funds to help make new projects feasible. Cambridge expects to receive \$1,180,327 in HOME funds for FY2004.

Incentive Zoning: The Incentive Zoning Ordinance requires that non-residential developers that require a Special Permit, which authorizes an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust of \$3.28 per square foot. The City is currently seeking City Counsel's approval to increase the rate to \$7.83 per square foot after completing a recent study that re-evaluated the Incentive Zoning program. In FY 2003, Cambridge received \$800,000 in linkage payments. The Community Development

Department anticipates that the City will receive housing contribution payments exceeding \$2,500,000 over the next 5-7 years. Production in the Incentive Zoning program is subject to private developer activity throughout the City.

Inclusionary Zoning: In March 1998, the Cambridge City Council passed an Inclusionary Zoning Ordinance that requires the developer of any new or converted residential development with ten or more units to provide 15% of the total number of units to the City as affordable units. The Community Development Department monitors compliance with this ordinance. Housing staff works with private developers to design and implement the marketing, and sale or leasing of units to low-income Cambridge residents. The City has secured 129 affordable units to date. Production in the Inclusionary Zoning program is subject to private developer activity throughout the City. In FY2004, 18 homeownership units for 1 to 6 person households will be marketed through this program.

Infill Programs and Adaptive Reuse: The City of Cambridge supports the development of new affordable housing on an infill basis on appropriate City-owned sites, purchased sites, and the adaptive reuse of nonresidential buildings. These opportunities are limited by several factors: Cambridge is a densely built-up city with few vacant sites, vacant buildable sites are very expensive, there is very little unused City-owned land, and there are few opportunities to convert obsolete institutional or commercial buildings. However, as development opportunities become available, Cambridge is committed to providing financial support and/or technical assistance in their conversion to affordable rental and ownership units.

Low Income Housing Tax Credits: The Low Income Housing Tax Credit Program (LIHTC) targets construction or acquisition and substantial rehabilitation of low-income rental housing, as well as special needs housing and low-income housing preservation. This federal program, which is operated by the Massachusetts Department of Housing and Community Development (DHCD), was created by the federal Tax Reform Act of 1986, and awards federal tax credits to investors in low-income housing. As the types of projects funded with Low-income Housing Tax Credits are consistent with Cambridge housing goals, the City intends to support housing developers in their applications for credits in the coming year. The Cambridge Housing Authority anticipates receiving \$957,600 in tax credits in FY2004 to rehabilitate 21 units located on Prospect Street in Cambridge.

Nonprofit Acquisition & Development of Housing: Over the next five years, Cambridge will continue to provide major financial support and technical assistance for the acquisition of existing buildings and the development of new units by nonprofit or public housing organizations. These organizations will operate the buildings on a nonprofit basis, invest over time in capital improvements, and guarantee access, upon turnover, for extremely low and low-income households through the use of long-term deed restrictions. CASCAP also operates the Affordable Small Apartment Program (ASAP) which develops and constructs studio and one-bedroom apartments for single person households.

Private: Local private lenders and foundations have also provided funds to support the preservation and creation of affordable housing in Cambridge. They provide acquisition, rehab, and construction loans to Cambridge affordable housing projects. Non-profits anticipate needing approximately \$12 million in private financing in FY2004.

Section 108 Loan Grantee Program Funds: Section 108 loan guarantees are used for activities that meet national CDBG objectives which includes (1) benefit to low- and moderate-income families; (2) prevent or eliminate slums or blight; or (3) to meet other urgent community development needs. Eligible activities include property acquisition; rehabilitation of publicly owned property; housing rehabilitation; economic development activities; acquisition, construction, reconstruction, etc. These funds preserve and create affordable housing for special populations.

Section 8 Project-Based Certificates: Section 8 Project-Based Certificates are intended to provide subsidy tied to a specific apartment that needs rehabilitation. In exchange for the long-term commitment of rental subsidy, the owner agrees to lease these units to extremely low and low-income households. The City's nonprofit housing development organizations and the Cambridge Housing Authority work closely to create Project-Based Section 8 units that are affordable to extremely low and low-income households.

State Programs: The Housing Innovations Fund (HIF), Consolidated Improvement Preservation Fund (CIPF), Facilities Consolidation Fund (FCF), State Affordable Housing Trust, Urban Development Action Grant (UDAG), State HOME, and Housing Stabilization Fund Program (HSF), funded through the State Department of Housing and Community Development (DHCD), support acquisition and rehabilitation of affordable rental properties. The HSF program has been used successfully to support a neighborhood restoration and affordable housing rehab program in Cambridge's "East Side" and "North Side" neighborhoods. State HOME funds have also been used for the acquisition and rehabilitation of rental properties through the City's nonprofit housing providers.

OBJECTIVE #3:

Increase affordable homeownership opportunities for first-time low and moderate-income buyers.

Number of Households to be Served:

In FY 2004, the City of Cambridge anticipates creating 6 affordable homeownership units through nonprofit acquisition, construction, and rehabilitation; and 9 units through the Purchaser Assist program. Additional units are possible through the Inclusionary Zoning program. The number of homeownership units that will be created through the Inclusionary Zoning program is difficult to determine as private developers determine what type of units they produce independent of the City's wishes. The majority of first-time homebuyers purchasing units created by the City will have annual incomes between 50-80% of area medium income. While there are no restrictions on assisting buyers with lower incomes, it is more difficult for such households to obtain bank financing. Despite high land and construction costs, the City has been able to maintain a stable level of production as it attempt to identify innovative ways to provide homeownership opportunities to first-time buyers in Cambridge. *(Goals are based on the Community Development Department's FY2004 production benchmarks).*

Expected Resources:

Federal Funds

Community Development Block Grant
HOME Entitlement Grant

State Funds

Community Preservation Act: State & Locally Raised Funds
State Soft Second Loan Program & Purchaser Assist Program
State Affordable Housing Trust
State HOME: HOME Purchaser Assist Grant
Department of Housing and Community Development: Housing Stabilization Funds

Local Funds

Affordable Homeownership and Rental Services
Cambridge Affordable Housing Trust
Harvard University 20/20 Loan Program
Homebuyer Classes & Counseling
Incentive Zoning
Inclusionary Zoning
Limited Equity Resales
Private Lenders

| Program & Services | Outputs | Outcomes |
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| Create new home-ownership opportunities for income eligible first time homebuyers through the Affordable Housing Development Program, the Purchase Assist Program, Inclusionary Zoning Program and First Time Home-buyers Classes and Counseling. | Provide financial support with low interest loans and technical assistance to the non-profits for acquisition and rehabilitation; private developers produce affordable units via zoning and the City offers free homebuyer classes covering issues such as credit, finding a home, qualifying for a mortgage and the purchasing process. | 1. Financial Stability: stable and predictable housing costs; equity accumulation; 2. Better Home: more space; higher quality, better location, sense of ownership, security, pride in place, confidence, sense of responsibility, self-esteem 3. Increased Sense of Community: better look to neighborhood, improvements by following other resident's positive examples, higher property values, increased hope, neighborhood pride, 4. Enhanced Awareness of Rights and Responsibilities as Community Members and Citizens |

Strategies/Resources:

Affordable Homeownership and Rental Services: The City's Community Development Department (CDD) maintains a database of low and moderate-income households interested in affordable housing opportunities, and provides referrals regarding available housing units. CDD also provides marketing assistance to both nonprofit and for-profit developers and owners of affordable units assisting them with locating low-income buyers or renters. CDD also offers free homebuyer classes and counseling to Cambridge residents.

Cambridge Affordable Housing Trust: The City established the Cambridge Affordable Housing Trust in 1988 to promote, preserve, and create affordable housing. Since 1995, Cambridge has made significant contributions to increasing affordable housing through its CITYHOME Initiative which to date has received over \$33.95 million in City funds. The Trust lends these funds to local nonprofit housing development organizations to develop affordable housing. The Trust also funds comprehensive first-time homebuyer programs operated by the City. An additional \$7.2 million will be requested for FY2004.

CITYHOME is comprised of several components, including nonprofit acquisition of multifamily buildings and incentives for private owners.

Community Development Block Grant Program: The City of Cambridge is an entitlement City that annually receives a direct allocation of CDBG funds that can be used to fund a variety of activities which includes economic development, design and construction oversight of parks, playground renovations, housing services, and housing development. The majority of the City's CDBG funds are used for housing development activities and services. Housing development activities include acquisition, rehabilitation, and new construction of affordable housing by non-profit housing development agencies in Cambridge. CDBG funds are also used to fund a variety of housing services and activities, including case management, tenant and landlord mediation services, homelessness prevention and other services for the homeless. Cambridge expects to receive \$3,878,000 in CDBG funds for FY2004.

Community Preservation Act ~ State & Locally Raised Funds: The Community Preservation Act is a new tool for communities to preserve open space, historic sites, and affordable housing. Signed into legislation by Governor Cellucci on September 14, 2000, the Community Preservation Act (CPA) is a local option that enables communities to establish a municipal Community Preservation Fund by local referendum. Monies collected for this fund are raised from a surcharge of up to 3% on local property taxes. Cambridge adopted the Act at the 3% surcharge level in fall 2001 and has since been awarded matching funds through the states competitive process. The City's Affordable Housing Trust anticipates CPA funds will increase its annual budget to approximately \$7.2 million. This will enable the City to maintain its production and ability to raise funds from other sources including federal, additional state, local, and private sources. The City's Affordable Housing Trust will utilize its CPA funds to create and preserve affordable housing.

Harvard University 20/20/2000 Initiative: In the fall of 1999, Harvard University announced the 20/20/2000 program. Through this initiative, Harvard provided \$10 million to the City for affordable housing development. Of these funds, \$6 million have been disbursed to the Affordable Housing Trust and \$4 million will be channeled through two non-profit groups to fund affordable housing projects in Cambridge. Currently, the Trust is using the funds to provide low-interest loans for construction and permanent financing for the development of affordable housing units. In FY2004, Just A Start Corporation, a local non-profit will receive \$550,000 from this fund to develop 13 affordable units on Scouting Way in Cambridge. The Cambridge Housing Authority will also develop 21 units on Prospect Street in Cambridge with \$450,000 from the 20/20/2000 program.

HOME Program: The City of Cambridge is a participating jurisdiction that receives HOME entitlement funds that assist in carrying out the City's housing strategies. These housing strategies include providing loans to support the acquisition, new construction, and rehabilitation of eligible affordable rental and homeownership housing units. Since 1993, over 609 HOME-assisted affordable rental and homeownership units have been created through funding from the City's entitlement HOME funds. These funds have also

leveraged other public and private funds to help make new projects feasible. Cambridge expects to receive \$1,180,327 in HOME funds for FY2004.

Homebuyer Classes and Counseling: The City offers free monthly homebuyer classes. Potential buyers attend four two-hour sessions covering issues such as credit, finding a home, qualifying for a mortgage and the purchase process. The class materials are offered in Spanish, and Creole. In addition, the City offers special classes on "buying a multi-family home". Class graduates eligible for MHFA financing and individual counseling to help them tailor a plan for achieving homeownership.

Housing Stabilization Fund: The Housing Stabilization Fund Program, funded through DHCD, has been used successfully to support a neighborhood restoration and affordable housing rehab program in Cambridge's "East Side" and "North Side" neighborhoods. The program includes scattered site homeownership and the conversion of rental properties to affordable homeownership units. The Housing Stabilization Program, funded through the Department of Housing and Community Development (DHCD), has also supported neighborhood restoration and affordable housing rehabilitation. The Cambridge Housing Authority anticipates an award of \$300,000 in FY 2004 to finance a 6-unit development on Western Avenue in Cambridge. The City will support other non-profit applications for Housing Stabilization Funds as appropriate.

Incentive Zoning: The Incentive Zoning Ordinance requires that non-residential developers that require a Special Permit that authorizes an increase in the permissible density or intensity of a particular use, mitigate the impact of their development through a contribution to the Affordable Housing Trust of \$3.28 per square foot. The City has completed a recent study on the Incentive Zoning program and is currently seeking City Counsel's approval to increase the rate to \$7.83 per square foot. In FY 2003, Cambridge received \$800,000 in linkage payments. The Community Development Department anticipates that the City will receive housing contribution payments exceeding \$2,500,000 over the next 5-7 years. Production in Incentive Zoning program is subject to private developer activity throughout the City.

Limited Equity Resales: For limited equity units that have been developed with City support over the past 10 years, the Community Development Department and local nonprofit agencies provide technical and marketing assistance for resale of units. The resale of affordable owner-occupied units is controlled through deed restrictions that limit the price and target the availability of these units to low-income buyers. On average, one to three units are resold each year.

Soft Second Loan Program: The Soft Second Loan Program is a mortgage product that reduces a borrower's monthly mortgage costs. Cambridge will request a commitment from the Department of Housing and Community Development (DHCD) to fund interest rate subsidy and loan loss reserve components of this program. These funds will be used in conjunction with reduced rate first mortgage funds provided by area lenders for low-income buyers. As the Polaroid development project approaches completion the City anticipates that 9 of the 18 low to moderate income families who will purchase a unit in

this development will receive Soft Second loans totaling approximately \$1,215,000.

State-HOME Purchaser Assist Grant: The City of Cambridge applied for and received a grant of \$100,000 to provide downpayment and closing cost assistance for eligible low and moderate-income individuals. These funds are currently being used to assist first-time homebuyers. Three families received downpayment assisted through this program in FY2003. The City anticipates that an additional 18 families will be assisted in FY2004.

OBJECTIVE #4:

Continue to stabilize owner-occupied one-to-four family buildings owned by very low, low and moderate-income households.

Number of Households to be Served:

In FY 2004, the City of Cambridge will work to preserve 55 homeownership units through the rehabilitation of one-to-four family owner occupied buildings through its Home Improvement Program (HIP). The majority of HIP funds are used to assist owners with annual incomes between 50-80% of area median income. To maintain the socio-economic diversity of Cambridge, assistance is limited to buildings where a majority of the households meet CDBG and HOME income requirements, with the exception of two-unit buildings where only the owner must be income-eligible. The multi-family property must be the primary residence of the owner who is receiving assistance. In addition, at least 51% of households residing in the property applying for program funds must income qualify per CDBG income limits. (Note: These goals are based on the Community Development Department's FY2004 production benchmarks).

RAP crews will work to:

- Delead 10 low/mod units and 5 common area / structures in conjunction with the Home Improvement Program.
- Light rehab of 5 low/mod units and 3 common areas / structures through Housing Development Programs.
- Prepare 20 to 30 interior structures for delead compliance and light rehab for the Cambridge Housing Authority.

We anticipate that of the approximately 80 youth participants in the Rehabilitation Assistance Program (RAP), 45 will be residents of the Neighborhood Revitalization Strategy area.

Expected Resources:

Federal Funds

AmeriCorps – Corporation for National Service
Community Development Block Grant
HOME Entitlement Funds
HUD Lead Clearance Testing Grants
Rehab Assistance Program (RAP)
YouthBuild USA & HUD

State Funds

Massachusetts Housing Finance Agency MHFA “Get the Lead Out” Program

Local Funds

Cambridge Lead Safe Program
Home Improvement Program (HIP)

Private Lenders: East Cambridge Savings Bank

| Program & Services | Outputs | Outcomes |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stabilize owner occupied one to four family buildings owned by income eligible households through the Home Improvement Program (HIP) , the Rehabilitation Assistance Program (RAP) and Landlord and Tenant Mediation Services . | Provide low-interest rehabilitation loans and technical assistance to income eligible owners while providing low cost labor through the youths involved with the RAP and hire a consultant to assist tenants and landlord in mediation and conflict management. | 1. Neighborhood Improvement: higher property values 2. Increased Skills and Abilities: carpentry, home maintenance, problem solving 3. Enhanced Awareness of Rights and Responsibilities 4. Increased Sense of Community 5. Family Stability. |

Strategies:

AmeriCorps: Just A Start Corporation, a local nonprofit, expects to receive an allocation of \$254,100 from state and federal Americorps Program funds for its YouthBuild Program in FY2004. Just A Start's YouthBuild Program is a comprehensive program for unemployed youths, ages 17-24 that has dropped out of high school. During the program year, participating youths spend a portion of their time working on supervised crews, providing carpentry, renovation and beautification services on affordable housing units in Cambridge which meet CDBG income guidelines and which are being renovated or developed through Cambridge's non profit housing development organizations. The participants also participate in leadership training, community service and education activities leading to the attainment of a high school diploma. Upon graduation, the youth's options include employment, college, or further technical training. They are also provided with support services, including counseling for at least one additional year.

Community Development Block Grant Program: The City of Cambridge is an entitlement City that annually receives a direct allocation of CDBG funds that can be used to fund a variety of activities which includes economic development, design and construction oversight of parks, playground renovations, housing services, and housing development. The majority of the City's CDBG funds are used for housing development activities and services. Housing development activities include acquisition, rehabilitation, and new construction of affordable housing by non-profit housing development agencies in Cambridge. CDBG funds are also used to fund a variety of housing services and activities, including case management, tenant and landlord mediation services, homelessness prevention and other services for the homeless. Cambridge expects to

receive \$3,878,000 in CDBG funds for FY2004.

HOME Investment Partnership Program: The City of Cambridge is a participating jurisdiction that receives HOME entitlement funds that assist in carrying out the City's housing strategies. These housing strategies include providing loans to support the acquisition, new construction, and rehabilitation of eligible affordable rental and homeownership housing units. Since 1993, over 609 HOME-assisted affordable rental and homeownership units have been created through funding from the City's entitlement HOME funds. These funds have also leveraged other public and private funds to help make new projects feasible. Cambridge expects to receive \$1,180,327 in HOME funds for FY2004.

Home Improvement Program: Cambridge's Home Improvement Program (HIP) gives technical assistance and reduced rate loans to low-income owners of one-to-four family buildings. Funded primarily through CDBG and revolving loans, the program is operated by two agencies, Just-A-Start Corporation, and Homeowner's Rehab Inc., under contract with the Community Development Department.

HUD Lead Clearance Testing Grants: In February 2002, HUD announce the availability of \$10 million in Lead Clearance Test Funds, to be used over a 12 month period, by CDBG and HOME grantees. The funds will help pay for clearance testing that is required by Title X of the Housing and Community Development Act of 1992, as implemented at 24 CFR Part 35. HUD is providing this funding to eligible grantees by paying up to \$150 for the initial clearance test in each housing unit after lead hazard control activities. The City will endeavor to utilize the available funds to assist non-profits in offsetting rehab costs associated with lead removal.

Lead-Safe Cambridge: The City of Cambridge received funds under this program in July 1994. These funds resulted in the deleading of 221 affordable housing units. The City received an additional grant in 1997 and deleaded another 108 units. In 1999, the City received a third grant under which another 135 affordable units will be completed by October 2002. Since 1994, over 560 units have been deleaded. Currently, the City is preparing for a new application for grant funds for \$2.8 million to continue the program beyond October 2002.

Rehab Assistance Program: The Rehab Assistance Program (RAP) is funded via CDBG and private sources. The program provides training and education for youth rehab and deleading crews, which provide labor for the Home Improvement Program.

YouthBuild: YouthBuild is a HUD training program and funding source that enables youth to provide technical services such as construction, painting, carpentry and repair work. Their rehab activities have contributed greatly to the development of affordable housing in Cambridge. For FY2004, Just A Start, a local non-profit, anticipate receiving \$416,600 from HUD and its Capacity Building Initiative. for the Approximately 60 new youths will participate in the YouthBuild program in FY2004. JAS anticipates leveraging an additional \$134,500 from private and non-federal sources for this program.

Criteria for Affordable Housing Programs

Criteria for CNAHS Projects

Project Eligibility

All former rent controlled properties are eligible for this program provided that at least 51% of the residents are of low-or moderate-income. Priority will be given to properties with higher populations of lower-income residents and family-size units.

Loan Terms

Projects will be financed to a 1.1 debt service coverage with a conventional loan. Funds will be used to make up the difference between conventional financing and project costs to a maximum of \$15,000 per studio and one bedroom apartment and \$20,000 for two or more bedroom apartment. The loan at 0% interest for 20 years.

The loan will be structured based on the following guidelines as amended and effective January 2001:

- Loan made at 0% interest rate,
- 5% of loan forgiven evenly over 20 years,
- Prepayment penalty foreign over at 15 years (5% will be forgiven over 10 years, and the balance over the remaining 5 years), and
- Early Notification Requirement in mortgage covenant requiring the owner to notify CNAHS of intent to sell the property.

In addition, CNAHS will charge a fee of 15% of total development costs which will be structured as a 0% interest loan to be forgiven at the end of the affordability term as long as the owner adheres to the affordability term. If the owner chooses to terminate the affordability provisions during the first five years of the loan, then the CNAHS loans would become due and payable.

Future Rent Increases

Our approach is to structure each project on a sound operating and capital basis with adequate budgets and appropriate reserves so that owners will be able to operate the properties effectively with rents adjusted only for inflation. CNAHS therefore proposes to increase maximum allowable rents by an index such as CPIUX with exceptions provided only if there are documented extraordinary costs that were beyond what the owner would have been reasonably expected to cover. Projects will be structured so that initially, residents will pay 30% of income with a cap of the market rent. After the initial rent is set, future rents will be established by inflationary index adjustments rather than income.

Tenant Selection

The owner will be responsible for the selection of tenants over the term in accordance with the criteria established by the program. This criteria will include: appropriate income level up to 80% of area median income (AMI) and the family size as determined by HUD. Priority will be given to Cambridge residents. CNAHS will then certify the owner's selection and keep verification on file at the Agency.

If an existing tenant's income increased to the point where it exceeded 80% of the area median income and the owner was only protecting a portion of the units, then the owner is required to put the next available market unit under the affordability agreement.

Criteria Home Improvement Program (HIP)

Federal, State and Cambridge Income Limits for Housing Programs, FY2003

| Household Size | 50% of Median Section 8 (very Low) HOME | 60% of Median HOME | 80% of Median Section 8 (low) CDBG (max)Low -Mod Inclusionary Zoning | 95% of Median Coop Max | 100% of Median CHBI | 120% of Median |
|------------------|--------------------------------------------------|-----------------------|-------------------------------------------------------------------------------|---------------------------|------------------------|----------------|
| 1 person | \$28,300 | \$31,140 | \$43,850 | \$53,770 | \$56,600 | \$67,920 |
| 2 persons | \$32,300 | \$35,640 | \$50,100 | \$61,370 | \$64,600 | \$77,520 |
| 3 persons | \$36,350 | \$40,080 | \$56,400 | \$69,065 | \$72,700 | \$87,240 |
| 4 persons | \$40,400 | \$44,520 | \$62,650 | \$76,760 | \$80,800 | \$96,960 |
| 5 persons | \$43,650 | \$48,060 | \$67,650 | \$82,935 | \$87,300 | \$104,76 |
| 6 persons | \$46,850 | \$51,660 | \$72,650 | \$89,015 | \$93,700 | \$112,440 |
| 7 persons | \$50,100 | \$55,200 | \$77,650 | \$95,190 | \$100,200 | \$120,240 |
| 8 persons | \$53,350 | \$58,740 | \$82,700 | \$101.36 | \$106,700 | \$128,040 |

Gross Income shall be determined using the following **Section 8** method of calculating income. The applicants' income shall not exceed 80% of the area median income as established by HUD.

(a) Definition of Annual Income

Annual income is the anticipated total income from all sources received by the Family head and spouse (even if temporarily absent) and by each additional member of the Family, including all net income derived from assets for the 12-month period following the effective date of certification of income, exclusive of certain types of income as provided in paragraph (c) of this section.

(b) Annual Income includes, but is not limited to:

- (1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation for personal services;
- (2) The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions

in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (b)(2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family. Where the Family has Net Family Assets in excess of \$5,000, Annual Income shall include the greater of the actual income derived from all Net Family Assets or a percentage of the value of such Assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic payments received from Social Security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment (but see paragraph (c)(13) of this section);

(5) Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay (but see paragraph (c)(3) of this section);

(6) Welfare Assistance. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:

(i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus

(ii) The maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably (appraisable) reduced from the standard of need by applying a percentage, the amount calculated under this paragraph (b)(6)(ii) shall be the amount resulting from one application of the percentage;

(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling;

(8) All regular pay, special pay and allowances of a member of the Armed Forces (but see paragraph (c)(7) of this section); and

(c) Annual income does not include the following:

- (1) Income from employment of children (including foster children) under the age of 18 years;
- (2) Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone);
- (3) Lump-sum additions to Family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses (but see paragraph (b)(5) of this section);
- (4) Amounts received by the Family that is specifically for or in reimbursement of, the cost of medical expenses for any family member;
- (5) Income of a live-in Aide;
- (6) The full amount of student financial assistance paid directly to the student or to the educational institution;
- (7) The special pay to a Family member serving in the Armed Forces who is exposed to hostile fire;
- (8)
 - (i) Amounts received under training programs funded by HUD;
 - (ii) Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
 - (iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
 - (iv) A resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination. No Resident may receive more than one such stipend during the same period of time; or
 - (v) Compensation from State or local employment training programs and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly

defined goals and objectives, and are excluded only for a limited period as determined in advance;

(9) Temporary, nonrecurring or sporadic income (including gifts);

(10) For all initial determinations and reexaminations of income carried out on or after April 23, 1993, reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of \$480 for each full-time student 18 years old or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of \$480 per adopted child;

(13) Deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum payment.

(14) Amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;

(15) Amounts paid by a State agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; or

(16) Amounts specifically excluded by any other Federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937. A notice will be published in the Federal Register and distributed to PHAs and owners identifying the benefits that qualify for this exclusion. Updates will be published and distributed when necessary.

(d) Re-determination of Income

If it is not feasible to anticipate a level of income over a 12-month period, the income anticipated for a shorter period may be annualized, subject to a re-determination at the end of the shorter period.

(e) Reparation, Payments & Repayment

Any family receiving the reparation payments referred to in paragraph (c)(10) of this section that has been requested to repay assistance under this chapter as a result of receipt of such payments shall not be required to make further repayments on or after April 23, 1993.

N.B. The underlined parts of the document represent the NEW UPDATES to our internal Section 8 files as of May 25, 2001.

Affordable Housing Objectives
FY '04 One-Year Action Plan
City of Cambridge

Definition of Family Types

Applicant means a person or a family that has applied for housing assistance.

Definition of a Family

Disabled family means a family whose head, spouse, or sole member is a person with disabilities; or two or more persons with disabilities living together; or one or more persons with disabilities living with one or more live-in aides.

Displaced family means a family in which each member, or whose sole member, is a person displaced by governmental action, or a person whose dwelling has been extensively damaged or destroyed as a result of a disaster declared or otherwise formally recognized pursuant to Federal disaster relief laws.

Elderly family means a family whose head, spouse, or sole member is a person who is at least 62 years of age; or two or more persons who are at least 62 years of age living together; or one or more persons who are at least 62 years of age living with one or more live-in aides.

Family includes but is not limited to:

- (1) A family with or without children (the temporary absence of a child from the home due to placement in foster care shall not be considered in determining family composition and family size);
- (2) An elderly family;
- (3) A near-elderly family;
- (4) A disabled family;
- (5) A displaced family;
- (6) The remaining member of a tenant family; and
- (7) A single person who is not an elderly or displaced person, or a person with disabilities, or the remaining member of a tenant family.

Live-in aide means

Live-in aide means a person who resides with one or more elderly persons, or near-elderly persons, or persons with disabilities, and who:

- (1) Is determined to be essential to the care and well being of the persons;
- (2) Is not obligated for the support of the persons; and
- (3) Would not be living in the unit except to provide the necessary supportive services.

Near-elderly family Means

Near-elderly family means a family whose head, spouse, or sole member is a person who is at least 50 years of age but below the age of 62; or two or more persons, who are at least 50 years of age but below the age of 62, living together; or one or more persons who are at least 50 years of age but below the age of 62 living with one or more live-in aides.

II. APPLICATION INFORMATION

Ownership of Property

■ Deed

Housing Expenses:

Net rental income is gross rental income less a proportionate share of housing expenses as applied to each rental unit as determined on IRS 1040, schedule E form (excluding amounts deducted for depreciation value) or as follows:

Rental housing expenses is the sum of:

- mortgage
- property taxes
- insurance
- water and sewer

Operating Expenses:

- interest only on mortgage payments
- payments on improvement loans secured by the property, provided at least 50% of the improvements benefit rental units
- property taxes
- utility and heating costs that owner pays
- homeowner's insurance
- water and sewer costs
- interest on second mortgages
- management, maintenance and repair costs allowed by IRS, but not depreciation value

Household Income: (As detailed in Income Standards above)

Energy Efficiency Development Principle & The Energy Star Performance Standards

The City of Cambridge encourages its non-profit housing developers to achieve an overall energy efficient result in all their housing development projects. They achieve this using a variety of methods. As part of their usual development practices Cambridge non-profit housing developers use the 'energy star' standards as a goal in all their new construction and gut rehabilitation projects. It also use 'energy star' standards in renovation efforts when feasible. Cambridge non-profit organizations apply for 'energy star' programs through local utilities when they are available and avail themselves of any technical assistance and/or funds.

Practiced as a housing development principle, Cambridge non-profit developers achieve energy efficiency in all rehabilitation housing projects by using energy efficient equipment, appliances, and fixtures where replacements are needed. They apply energy efficiency standards to all new construction or renovation projects aiming to achieve 30% more energy efficiency in heating, cooling and water heating than a comparable home built to the 1993 Energy Code. They team up with local utility programs and also attempt to meet those performance standards through the following:

- Improved insulation
- Higher performance windows
- Efforts to reduce air infiltration
- The use of higher efficiency furnaces and water heaters
- Energy efficient lighting and energy efficient kitchen appliances

Just A Start Corporation, a local non-profit developer, has sponsored a set of workshops and discussions for local affordable housing developers to focus on green standards including "energy star" standards. In 2003, they obtained a technical assistance grant from a local foundation for a new construction project on Prospect Street. They will use this grant to hire consultants to assist in achieving "energy star" and other green standards in that development.